

Friday February 15, 2019

## Insurers brief Deputy Premier on Townsville Catastrophe recovery

Insurance industry leaders today assured Queensland Deputy Premier Jackie Trad that all claims lodged following this month's Catastrophe in the Townsville region are being handled swiftly, fairly and compassionately.

At a meeting held in Townsville, Insurance Council of Australia (ICA) CEO Rob Whelan briefed Ms Trad on the industry's Catastrophe declaration and mobilisation of resources.

Mr Whelan said insurers had poured several hundred disaster recovery experts, assessors and claims staff into Townsville as soon as the airport reopened.

"The deployment of resources and expertise by insurers has been the fastest response to a Catastrophe on record, despite Townsville being inaccessible in the aftermath of the floods," Mr Whelan said. "There is no doubt in my mind that Townsville, already well known for its high flood risk, has been hit by the worst floods in living memory.

"So far 15,571 claims have been lodged (90 per cent domestic, 10 per cent commercial), with losses of about \$606 million. Insurers are prioritising 457 residential properties identified as unliveable. They have already provided \$17.5 million in support, emergency accommodation and repairs. The ICA is collecting data to analyse the full impact of the floods on the city, its households and businesses.

"Today, I assured Ms Trad that insurers will do their best to help customers, whether householders or businesses, and claims will be settled compassionately and responsibly in accordance with the policy that has been purchased.

"We believe most households chose to buy policies that cover them for flood, though some may have opted out. However, though many Townsville businesses affected by the Catastrophe did buy flood cover, the ICA is concerned that a significant number chose not to purchase flood cover.

"I explained to Ms Trad, Mayor Jenny Hill and other local representatives that commercial flood cover has been available for Townsville businesses since 2007 and is sold by most large insurers. It is also widely available to all householders. All policies are risk-rated, the same as in any other part of Australia.

"The standard definition of flood, which applies to all household and small business policies, was introduced in 2012 by then-Financial Services Minister Bill Shorten. The definition includes water released from a dam, as well as a river breaking its banks.

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“Where flood cover was not purchased it will typically be tested by the insurer through an independent hydrology process. This will determine if the inundation that caused the damage is to be classified as flood water or as storm water.”

Other key issues discussed included:

- **Use of local trades.** Insurers’ priority is to help customers quickly and make sure repairs and rebuilding work are done to the highest standard in the shortest possible time. For this reason, many insurers have strategic arrangements with building companies, suppliers and project managers to undertake repairs and building works. These companies often sub-contract work to local builders and tradespeople if they are qualified, reputable, price competitive and have capacity. Some insurers also have a policy to use local firms where possible. Local builders are encouraged to register with the QBCC
- **Emergency repairs.** Home and business owners who needed repairs should contact their insurer before commissioning any work, even for emergency repairs. Unauthorised work may not be covered by the policy
- **Clean-up.** Householders should already have discarded any water-affected soft furnishings that pose a health hazard, after taking photos and keeping fabric samples for the assessor. Items that can be repaired or are salvageable should be retained
- **Scammers and storm chasers.** Fake or unlicensed tradespeople are doorknocking residents offering emergency repairs, false assessments and other services for cash. These scammers should be reported to police
- **Stock and farm losses.** Most farms are believed to have purchased policies that would cover them for machinery, shed and household losses. Few are likely to have chosen to be insured for fences or stock losses
- **Further customer support.** Insurers are present at recovery centres. The Insurance Council will hold insurance forums for policyholders on February 25 and March 25. Customers will be able to speak to ICA experts and insurance company representatives. Register at: [www.disasters.org.au](http://www.disasters.org.au)

Senior insurance executives attending the meeting included Mr Whelan, ICA Deputy President and CEO of Suncorp Insurance Gary Dransfield, QBE’s Chief Claims Officer Jon Fox and Chief Customer Office Commercial Lines Jason Clarke, RACQ CEO Insurance John Myler, Allianz National Claims Manager Mark O’Connor, IAG Executive Manager Major Events Craig Byfield, and Mr Paul Glasby (FNQ representative, National Insurance Brokers Association’s Queensland Divisional Committee).

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